While there is growth in consumption of petroleum products, total tax revenues have not gone up correspondingly due to reduction in rates of custom duties on crude oil & petroleum products and cut in excise duty on sensitive petroleum products and appreciation of the rupee vis-a-vis the US dollar.

Coal Gasification Technology

1967. SHRI N.R. GOVINDARAJAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has any proposal to promote coal gasification;

(b) if so, the details thereof;

(c) to what extent such a technology is commercially viable;

(d) whether some foreign firms has sought permission to set up their business in the country by using the technique of changing coal into oil; and

(e) if so, the details of such proposals and the level at which these proposals are being considered at present?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir.

(b) Oil and Natural Gas Corporation Ltd (ONGC) has signed an Agreement of Collaboration, (AOC) with Skochinsky Institute of Mining (SIM-NMRC), Moscow, Russia to develop Underground Coal Gasification (UCG) technology in India on 25th November, 2004. After sudying eleven sites, one site namely Vastan Mine block belonging to Gujarat Industries Power Company Ltd. (GIPCL) in Surat Gujarat has been found most suitable for UCG.

(c) Commercial application of UCG technology has taken place only in erstwhile Soviet Union. A UCG based power plant station is still operative in Uzbekistan and is producing Approx. 25 MW electricity. UCG is also being produced on pilot level in Australia and South Africa. The commercial viability of underground coal gasification in Indian condition could only be assessed after taking up pilot scale studies.

(d) and (e) In so far as Ministry of Petroleum & Natural Gas is concerned no approval has been given to any foreign company to start its business in the country by using the technique of changing coal into oil. However, foreign companies are free to collaborate with Indian companies in this regard.

Policy for CBM

1968. SHRIMATI SUPRIYA SULE:
SHRI JESUDASU SEELAM:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether his Ministry has decided to chalk out a strict policy for proposals seeking extension in exploration phased under Coal Bed Methane (CBM) contracts in a bid to adopt a transparent and consistent frame-work;

(b) whether Government has so far signed contracts for 26 blocks, covering an area of

13,600 sq km and the total commitment in these blocks is of the order of Rs. 675 crore during the Eleventh Plan, CBM gas production in envisaged as 3.78 billion cubic metres;

(c) what are the main points of the new policy; and

(d) to what extent it will be helpful in CBM projects?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) Yes, Sir. In order to adopt a transparent and consistent frame work for granting extension in exploration phases, the Government in line with the existing policy of extension under NELP contracts, has framed an extension policy for considering proposals seeking extension in exploration phases under CBM contracts, which are either pending with the government or may be received in future. The extension in phases under CBM contracts in terms of these policy guidelines would be considered within the validity of the exploration period. The broad objective of the extension policy is as under:-

(i) To maintain the integrity of the bidding process and the spirit of the contract to explore and produce CBM gas early.

(ii) To grant reasonable extension of time so as to enable. Contractors to complete MWP or additional exploration work programme.

(iii) Not to delay the execution of development plan or production or the life cycle of the entire project and payment of Royalty, taxes and contractual payments.

(iv) To act as deterrent for seeking unnecessary extension or holding on acreage without doing any or little exploration activities or activity at slow pace.

(v) The policy envisages a system of penalty by way of submission of bank guarantee and preestimated agreed Liquidated damages (in some cases/situations) in lieu of un-finished or additional work programme. While proposing the amount of Bank guarantee, situations/factors such as whether extension is for completing MWP or additional Work Programme, whether commerciality has been established in the contract area, whether contractor wants to retain the area for further exploration have been kept in mind.

(vi) Up to 6 months extension may be given by the Steering Committee or the Government on merit in terms of the provisions of the respective contracts.

(vii) Demonstrable delays on account of getting Government approvals/permits/ clearances which are not attributable to the contractors will be counted as excusable delays and such delays shall be condoned. In this regard, if some extensions have already been granted by Steering Committee/ Government on account of excusable delays, which took place from effective date of the Contract i.e. including delays prior to the extension policy coming in force, the same will be regulated as per this CBM extension policy.

(viii) In case, the contractor does not fulfill the work programme within the stipulated period or extended period, as may be the case, he shall be required to pay money for the unfinished work programme, if any, to the Government in terms of respective provision of the contracts.

Government of India signed 26 CBM block under three rounds of CBM held so far covering area of 139000 Sq. Km. The Estimated investment during exploration in 11th Plan

Period will be about Rs. 1000 Crore and production of CBM is expected to be 2.6 BCM during 11th Plan Period.

Oil and gas exploration in Arunachal Pradesh

1969. DR. V. MAITREYAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the recent seismic surveys have indicated huge presence of Oil and Natural Gas in various areas of Arunachal Pradesh;

(b) if so, what is the likely quantity which would be available;

(c) whether any commercial activity like drilling is likely to be undertaken;

(d) if so, when it is likely to start active operations in this area;

(e) whether any special funds are being created to undertake such activity by Government; and if so, the details thereof; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) In one exploration block namely AA-ONN-2003/2 contracted to consortium of Geopetrol, NTPC and Canoro in Arunachal Pradesh under the fifth round of New Exploration Licensing Policy (NELP-V), Operator has carried out 2D Seismic Survey for 206 Line Kilo Metre. Based on the interpretation of survey, the prospective location for drilling will be decided.

As on 1.4.2007 the oil & gas reserves estimated in Arunachal Pradesh were 4.85 MMT Oil & Oil Equivalent Gas (O&OEG) against total oil & gas reserves of 1843.1 MMT estimated for the country.

However, the likely quantity to be extracted will depend on exploratory efforts.

(e) and (f) Government does not invest any amount in the blocks awarded under Production Sharing Contract regime. The operator has to bear all the expenditure of exploration and development.

CAG report about ONGC

†1970. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that CAG has reported that ONGC has adopted a casual approach towards the production of crude oil, as a result of which thousands of crore rupees have been misused;

(b) if so, the details thereof; and

(c) the number of new oilfields given to ONGC from March, 2003 to January, 2008 for production?

†*Original notice of the question was received in Hindi.*